

# Q1/2019 Results

## Analyst and Investor Conference Call

30 April 2019

## Summary Q1/2019 results

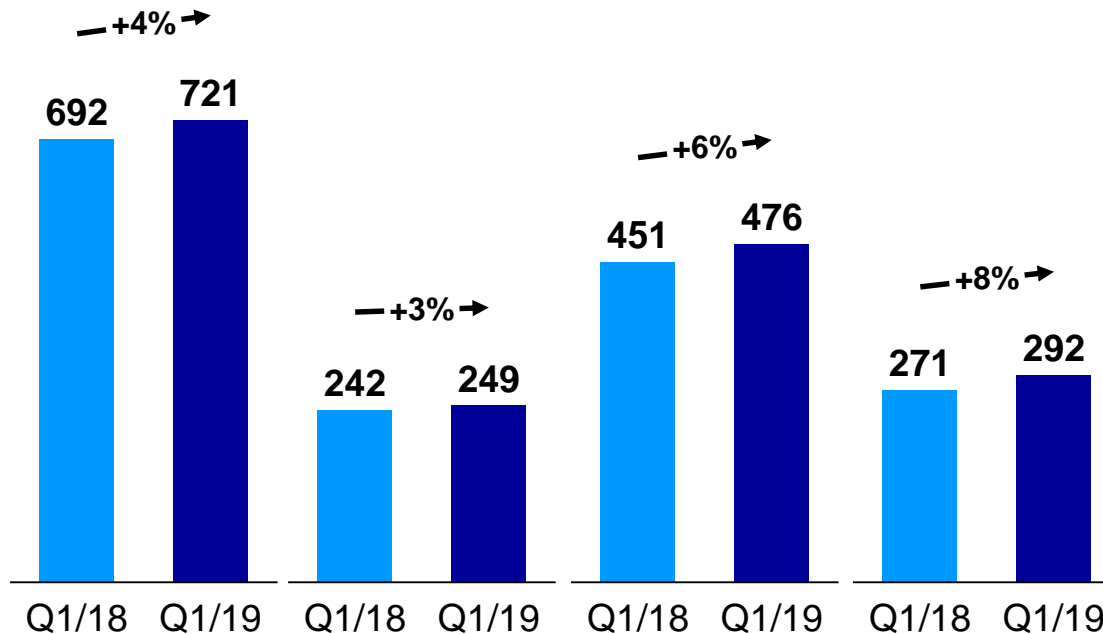
- Net revenue in Q1/2019 increased by 4% to €721 million; as part of this, secular net revenue grew as planned by ~5%, while the weaker equity market environment resulted in a small decline of cyclical net revenue (-1%).
- Implementation of IFRS 16 (leased items on balance sheet), led to a shift from operating costs to depreciation and the financial result; the previous years results were not adjusted, but non-GAAP indicative figures are provided.
- The adjusted operating costs stood at €249 million (-2%; non-GAAP +3%) and the adjusted EBITDA amounted to €476 million (+9%; non-GAAP +6%); exceptional cost items amounted to ~€25 million.
- The tax rate decreased from 27% to 26% in Q1/2019, because of an internal reorganisation (mainly move of STOXX from Zurich to Zug in Switzerland); 26% tax rate sustainable for full year 2019.
- The adjusted net profit increased to €292 million (+8%) and the adjusted EPS amounted to €1.59 (+10%).
- With this, Q1/2019 is in-line with the company's expectation for 2019 of at least 5% growth of secular net revenue and around 10% growth of the adjusted net profit.
- Axioma transaction strengthens Deutsche Börse's pre-trading offering and improves buy-side access; in addition, smart transaction structure crystallises value of index asset, ensures value generation and preserves M&A firepower.
- The Executive Board of Deutsche Börse will provide an update on the progress of the implementation of the "Roadmap 2020" strategy at the Investor Day on 22 May 2019 in London.

# Q1/2019 – group financials

## Net revenue, operating costs and earnings development

€m

**Net revenue**      **Operating Costs<sup>1,2</sup>**      **EBITDA<sup>1,2</sup>**      **Net profit<sup>1,3</sup>**



### Revenue

Net revenue: €720.8m (+4%)

- Net interest income: €62.0m (+52%)

### Costs

Operating costs<sup>1</sup>: €248.6m  
(non-GAAP +3%<sup>2</sup>)

- Adjusted for €24.6m exceptional items, which includes “Roadmap 2020” restructuring and M&A costs
- IFRS 16 results in shift from operating costs to depreciation and the financial result; in Q1/2018 operating costs would have been €12.5m lower (non-GAAP, indicative)

Depreciation<sup>1</sup>: €52.9m (non-GAAP +1%<sup>2</sup>)

### Earnings

EBITDA<sup>1</sup>: €475.5m (non-GAAP +6%<sup>2</sup>)

Net profit<sup>1,3</sup>: €291.9m (+8%)

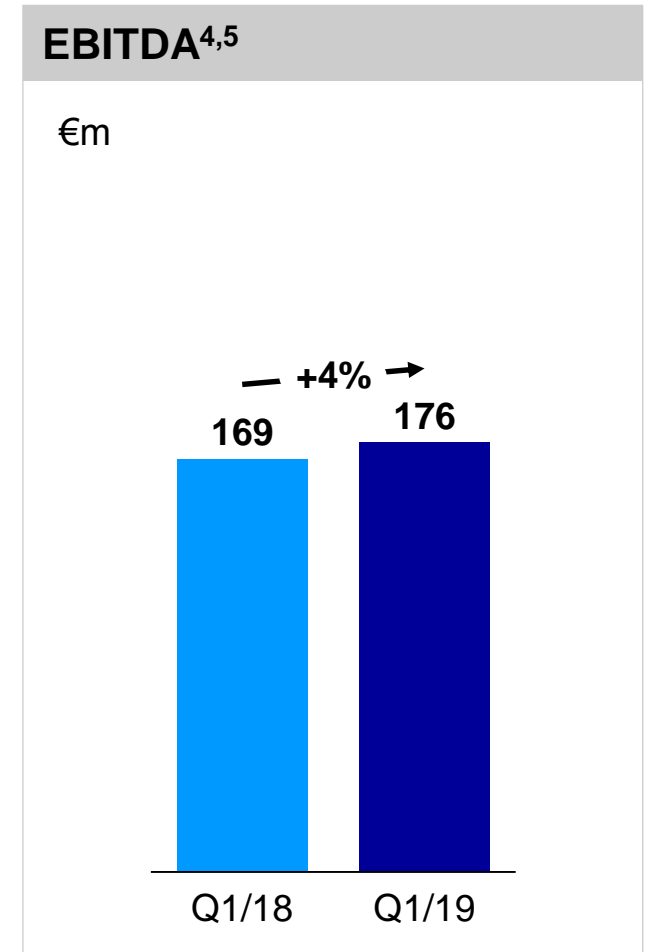
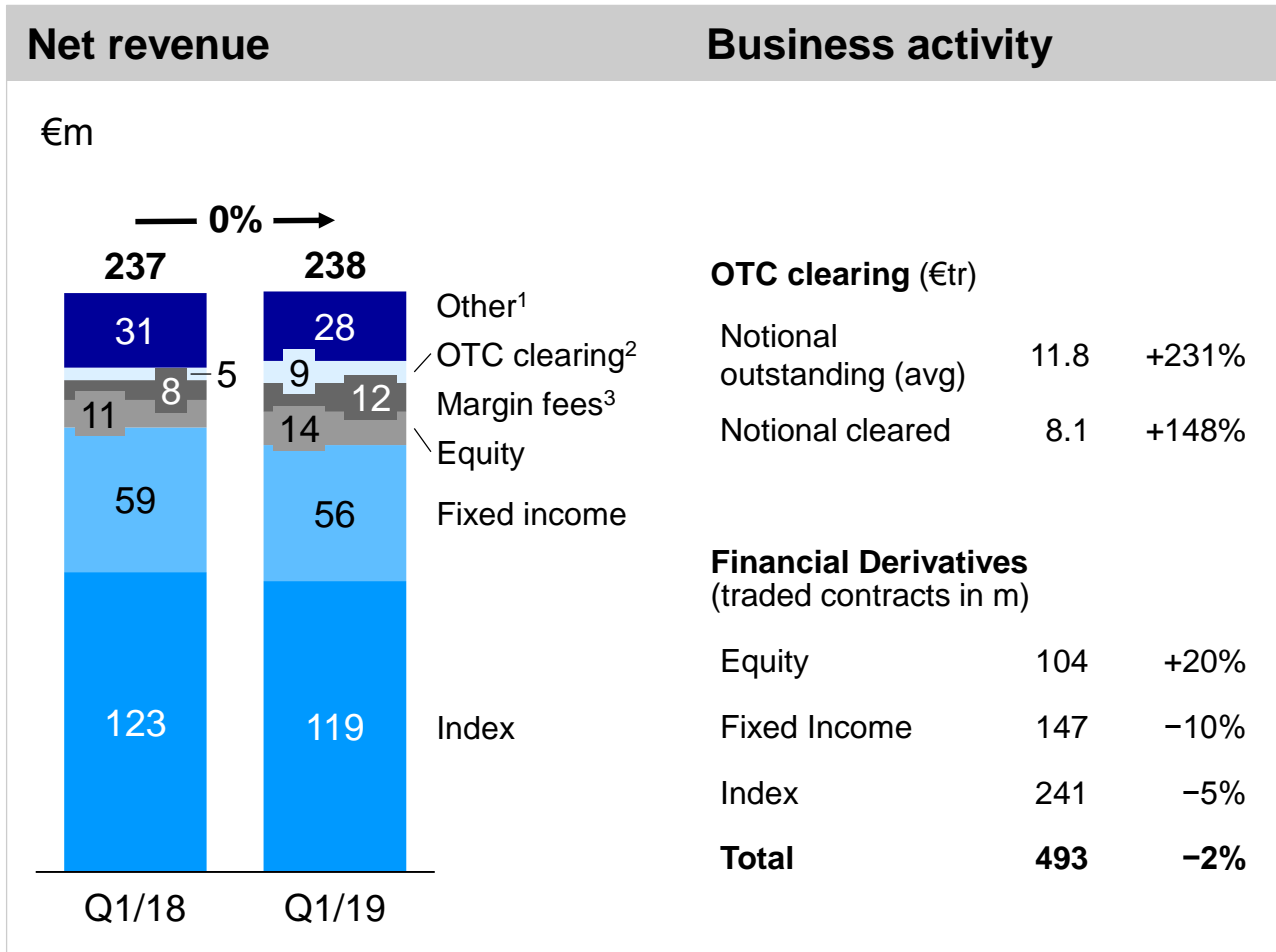
EPS<sup>1</sup>: €1.59 (+10%)

1) Adjusted for exceptional items

2) Q1/2018 non-GAAP indicative figures for comparison purposes; estimates for IFRS 16 impact in Q1/2018: operating costs –€12.5m, depreciation +€11.8m, financial result –€0.7m

3) Attributable to Deutsche Börse AG shareholders

# Q1/2019 – Eurex (financial derivatives)



1) Including net revenue from connectivity and member fees

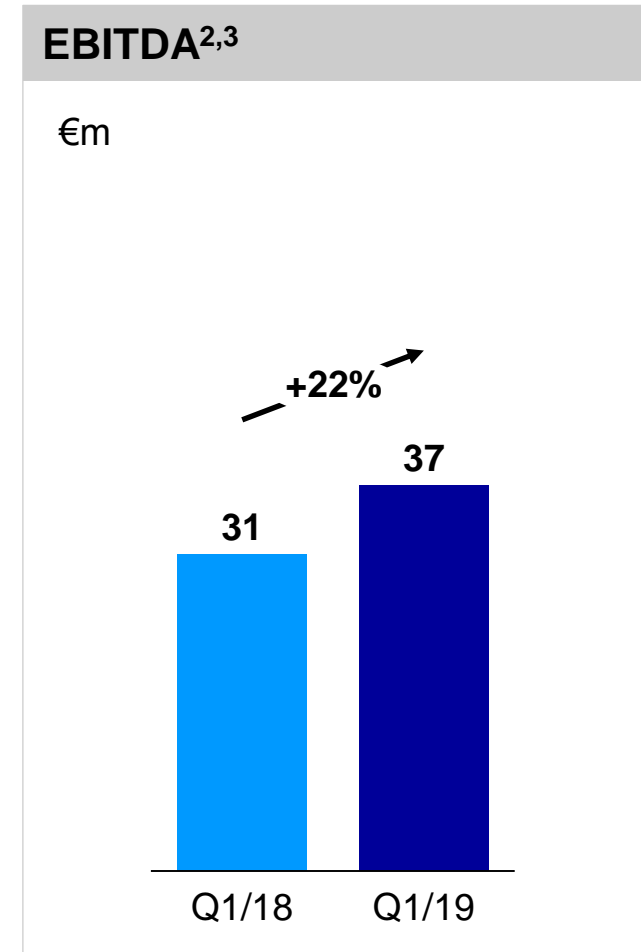
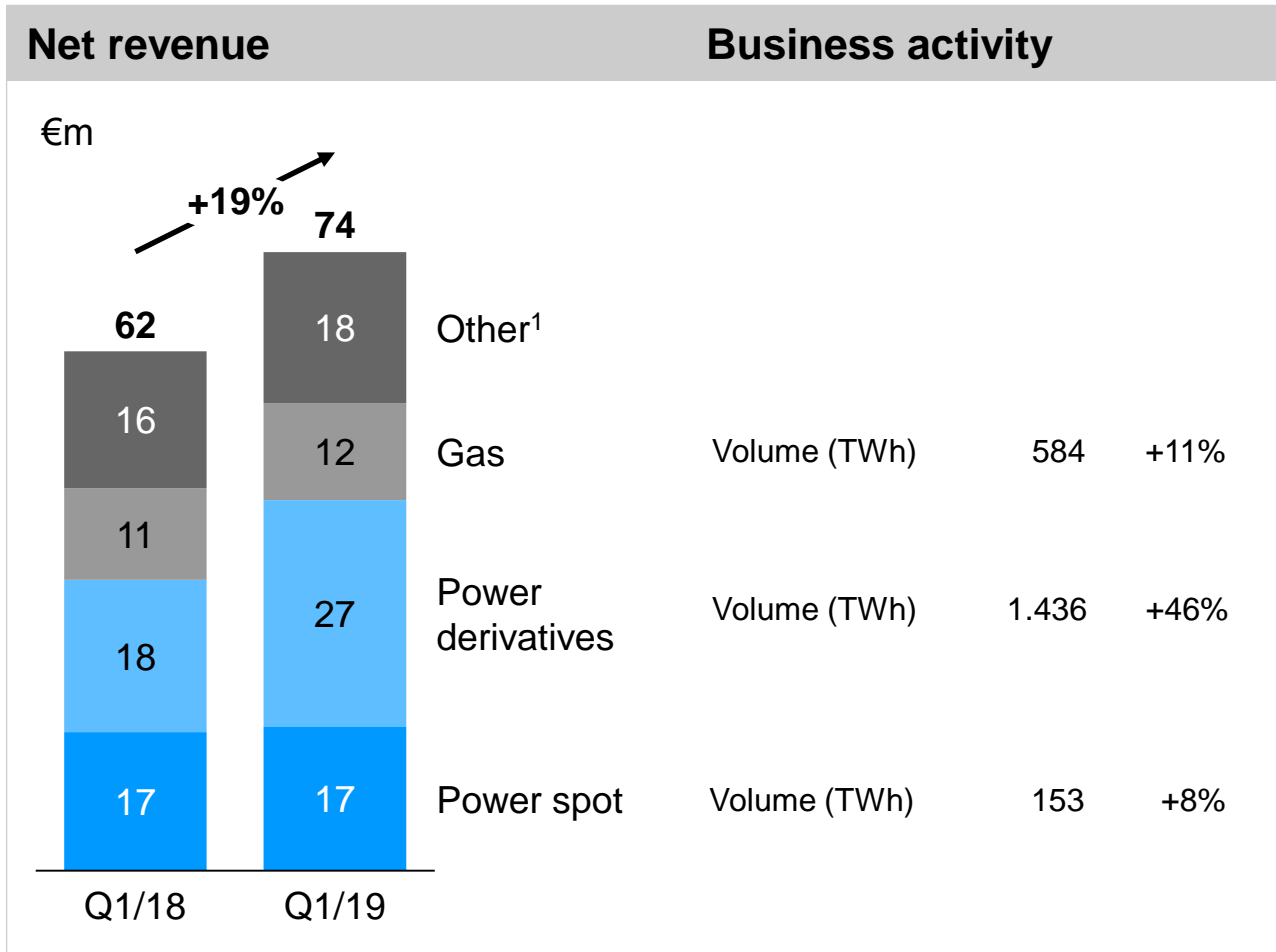
2) Including margin fees on OTC clearing related collateral

3) Including NII and securities collateral fee

4) Adjusted for exceptional items

5) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – EEX (commodities)

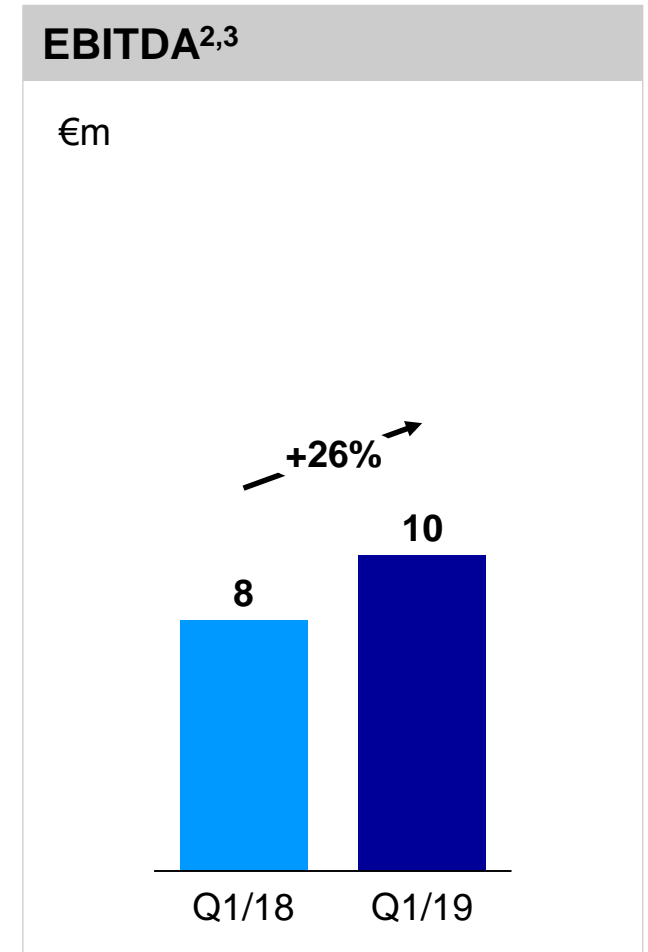
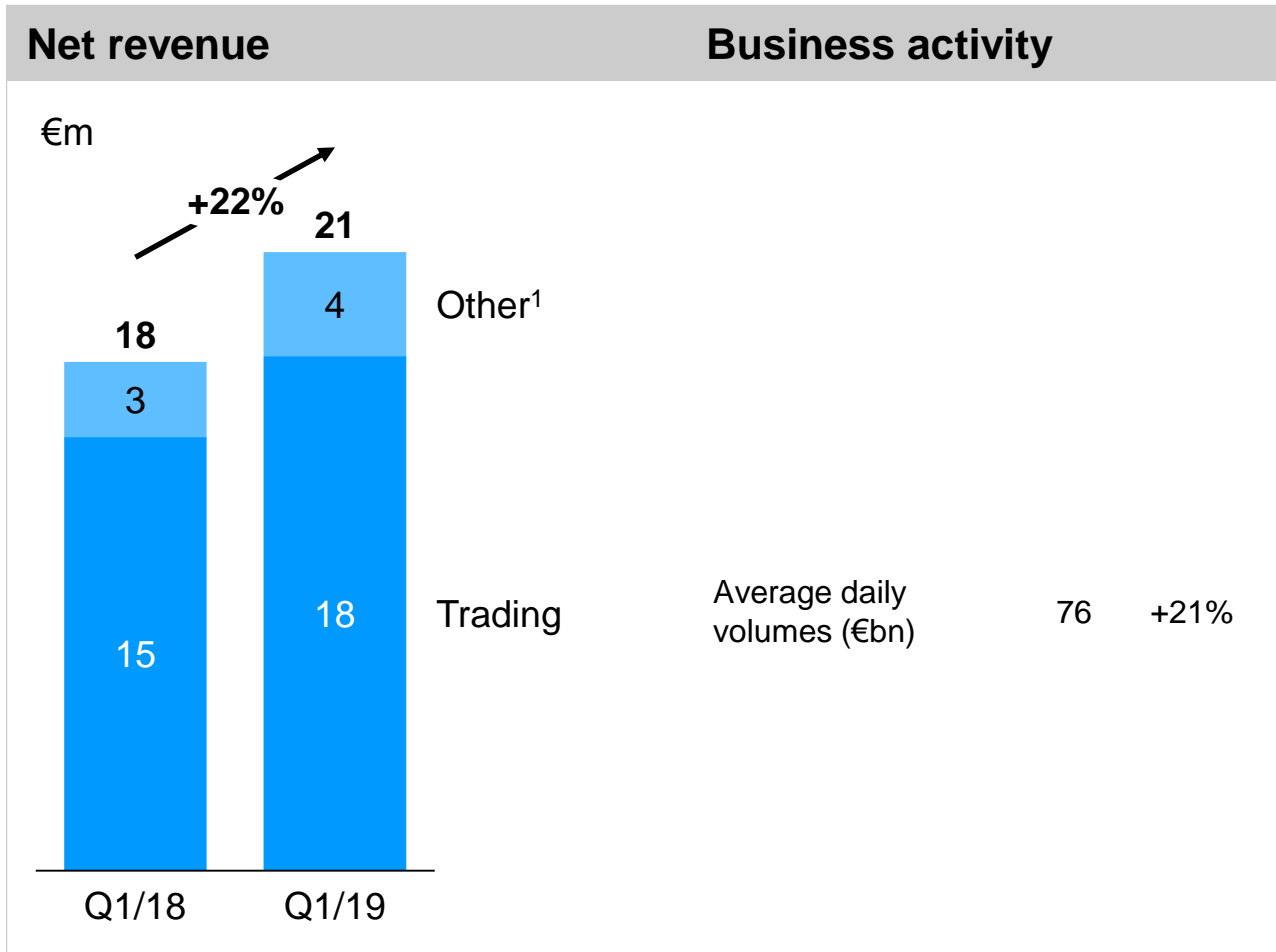


1) Including net revenue from connectivity, member fees and emission allowances

2) Adjusted for exceptional items

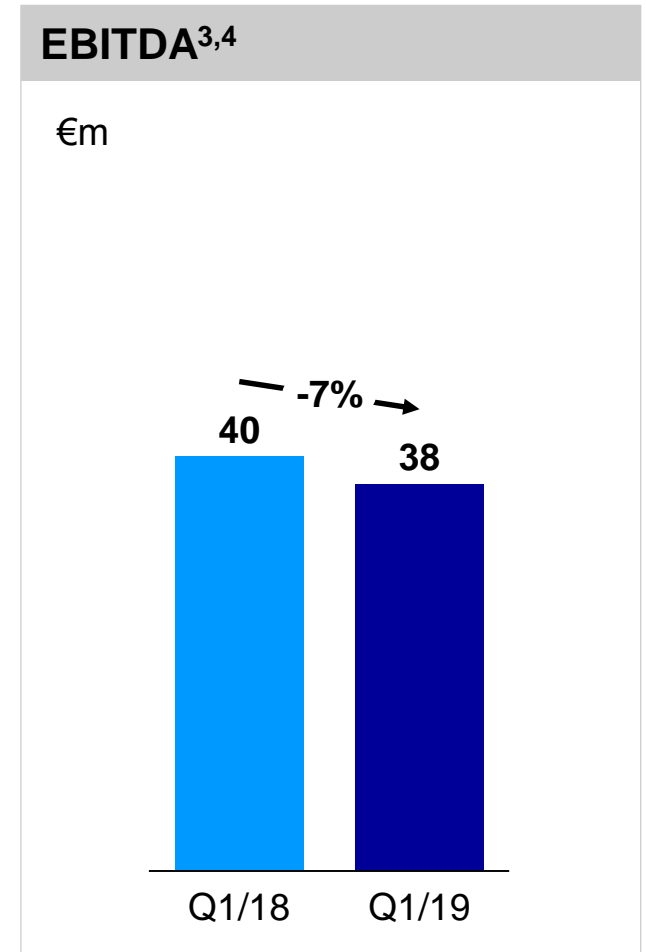
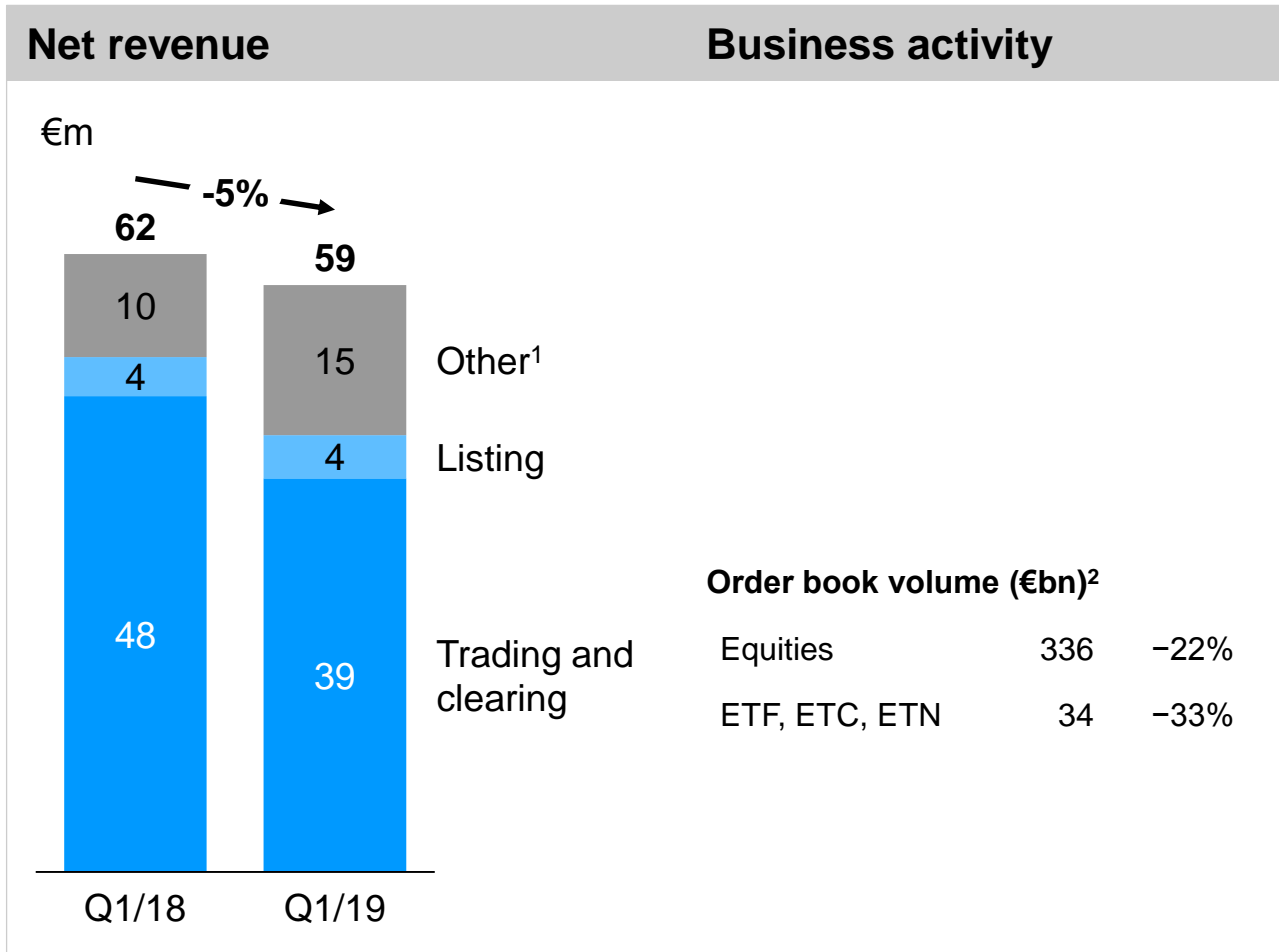
3) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – 360T (foreign exchange)



1) Including net revenue from connectivity and member fees  
 2) Adjusted for exceptional items  
 3) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – Xetra (cash equities)



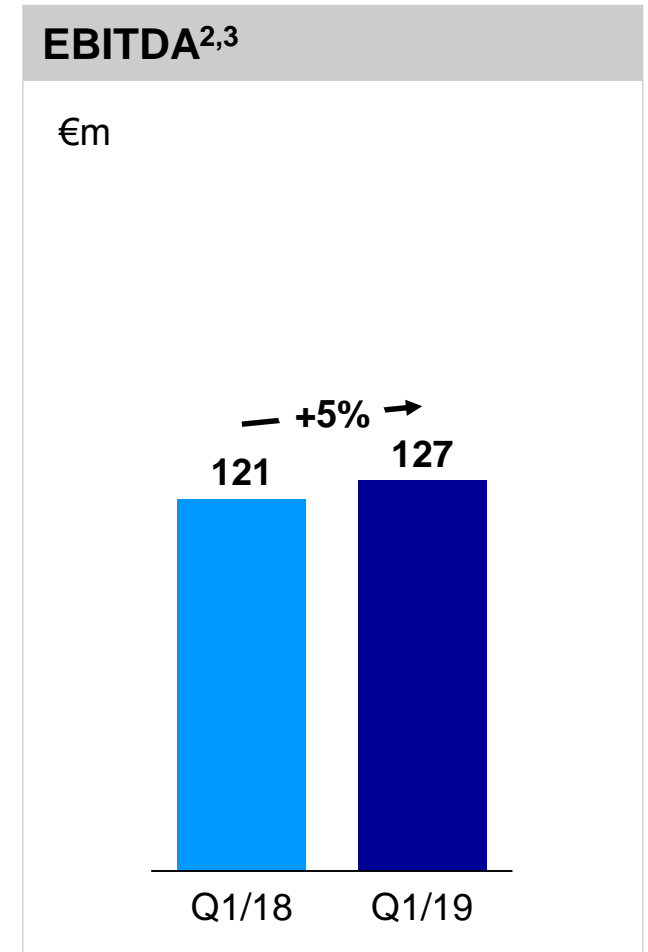
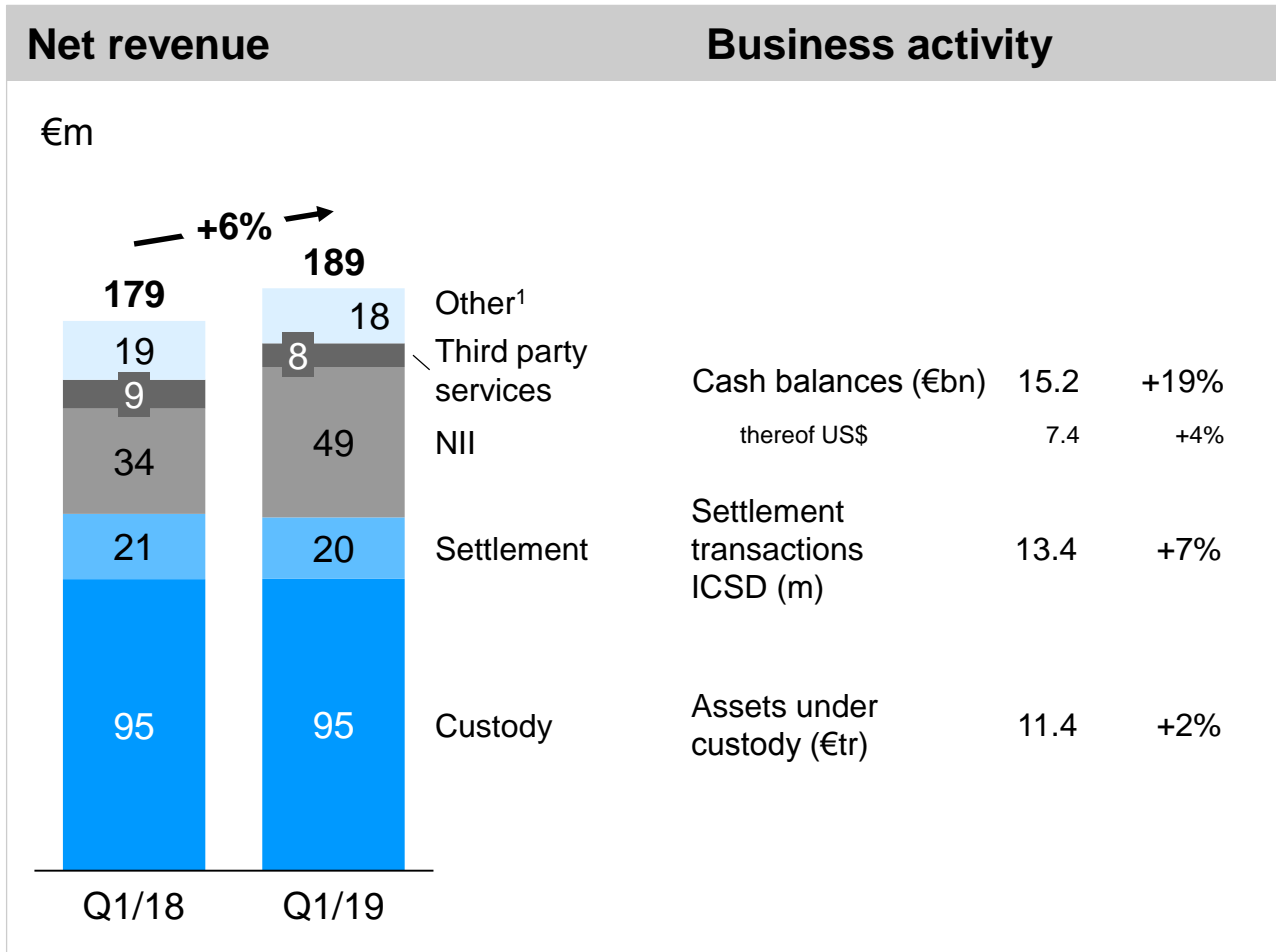
1) Including net revenue from connectivity

2) Xetra, Börse Frankfurt and Tradegate

3) Adjusted for exceptional items

4) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – Clearstream (post-trading)



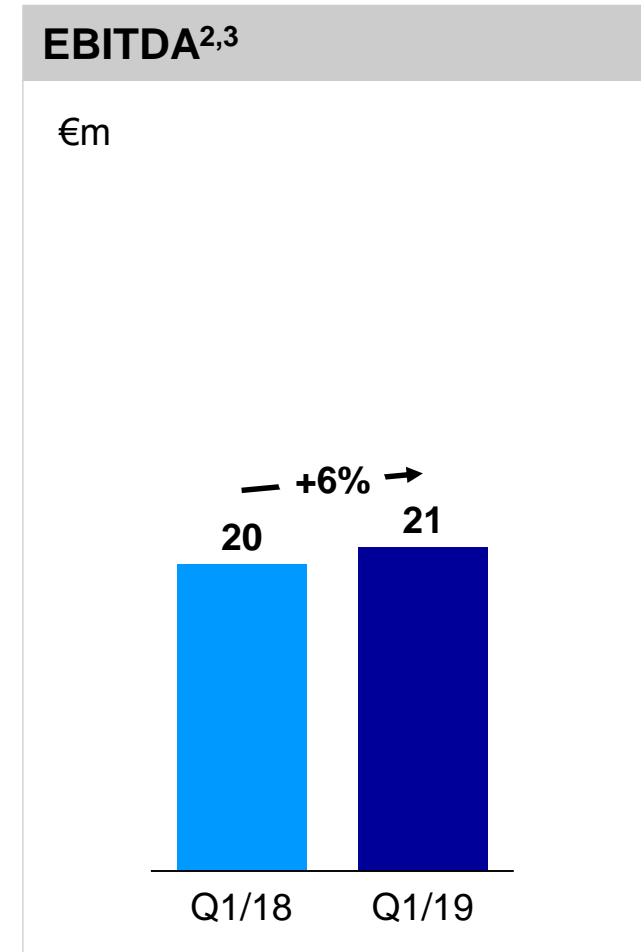
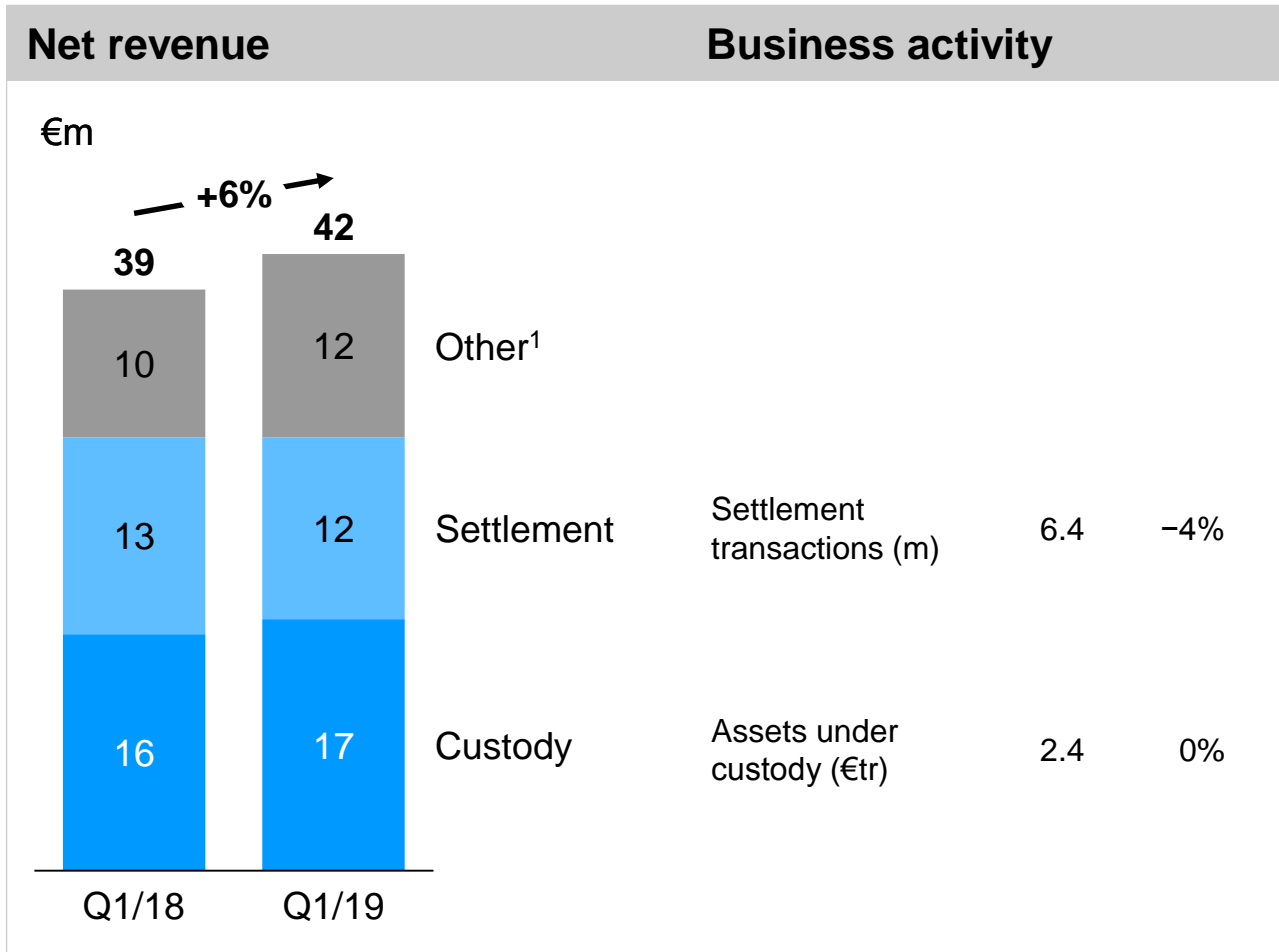
1) Including net revenue from connectivity, account services and reporting

2) Adjusted for exceptional items

3) Q1/2018 non-GAAP indicative figures for comparison purposes



# Q1/2019 – IFS (investment fund services)

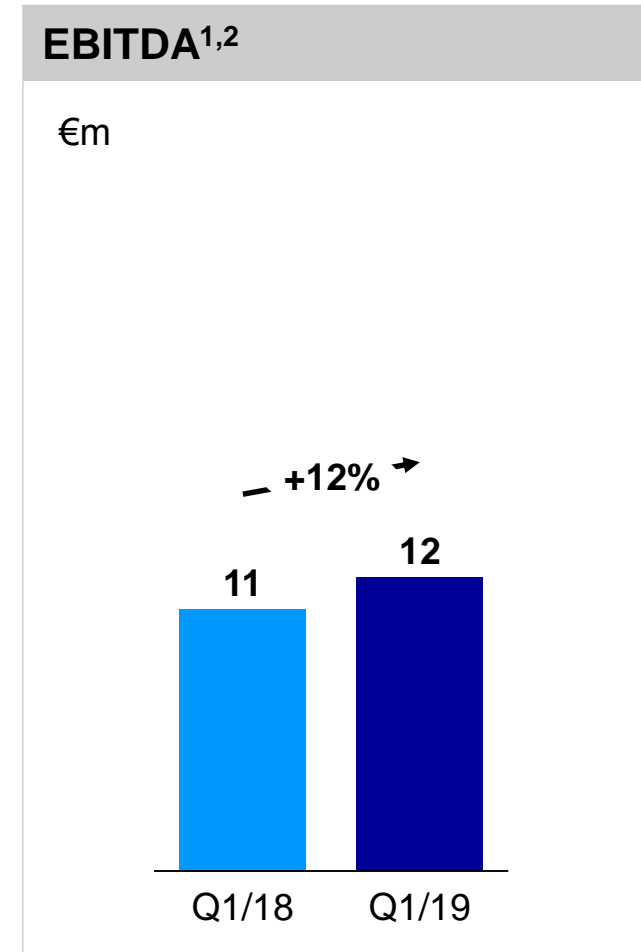
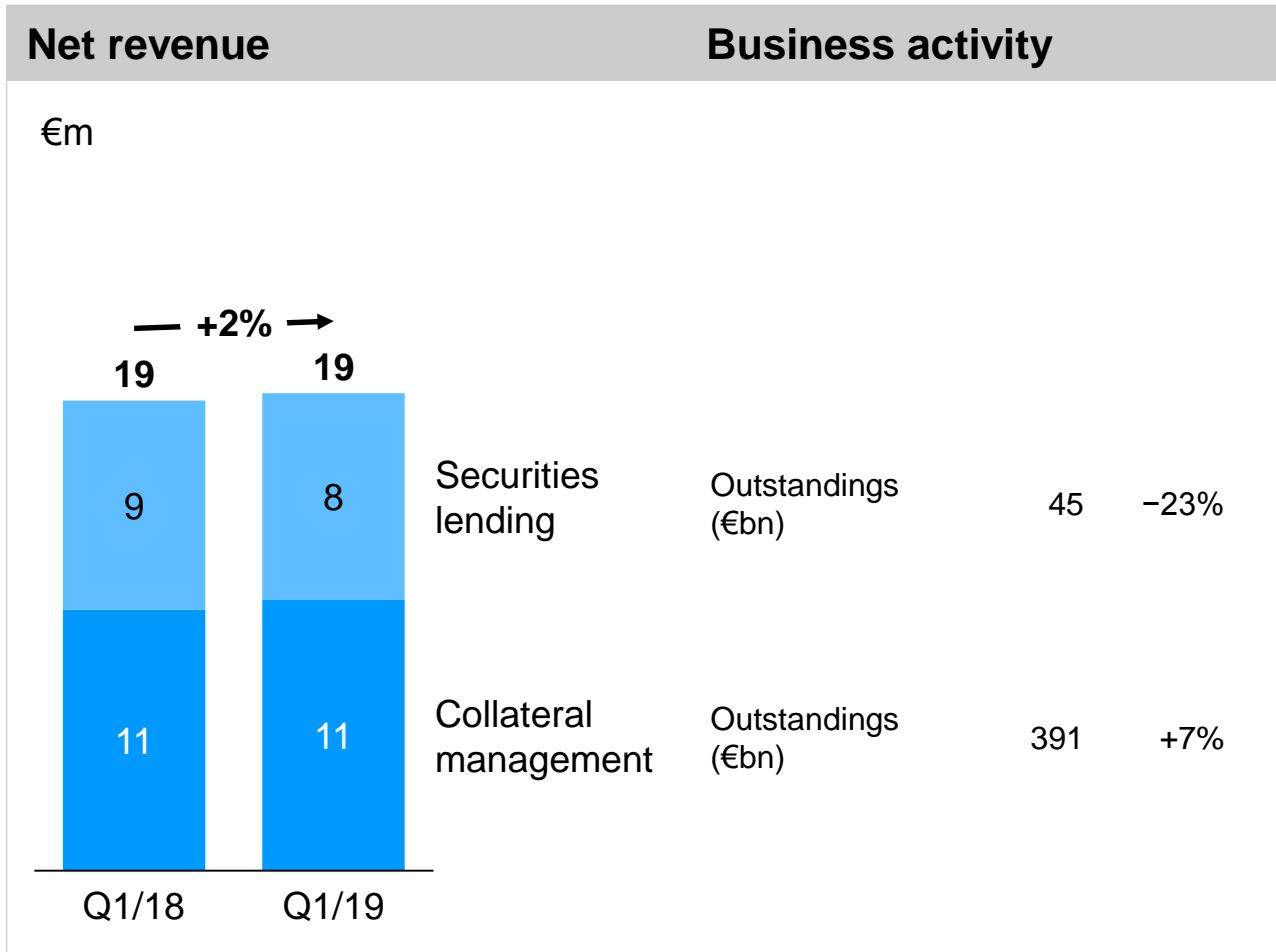


1) Including net revenue from connectivity, order routing, and Swisscanto Funds Centre Ltd.

2) Adjusted for exceptional items

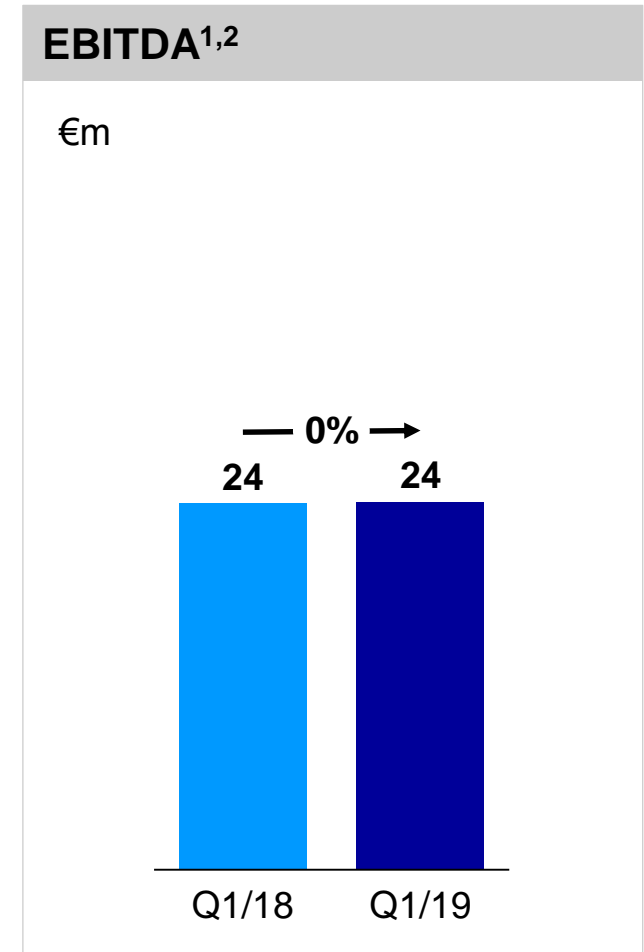
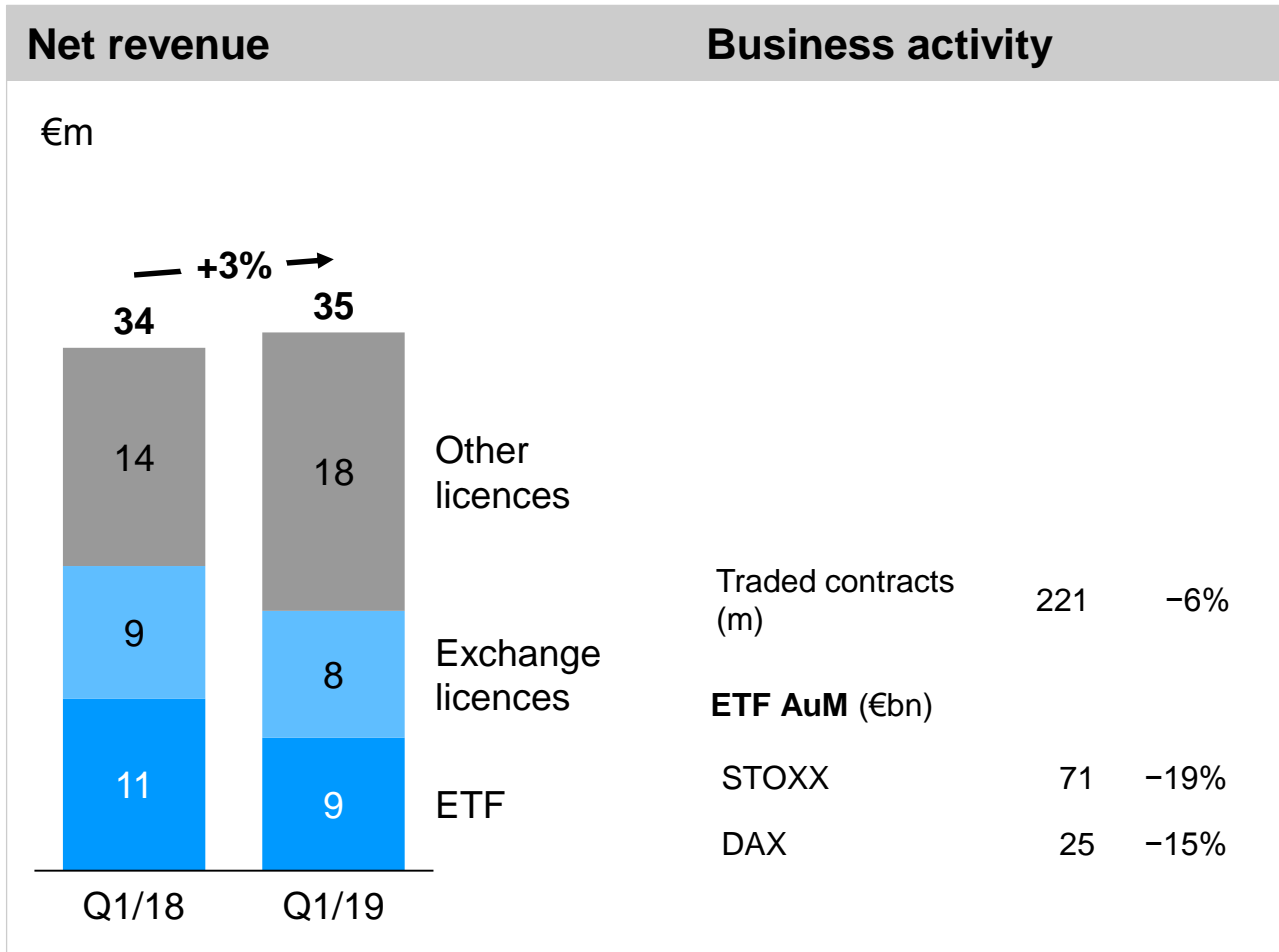
3) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – GSF (collateral management)



1) Adjusted for exceptional items  
 2) Q1/2018 non-GAAP indicative figures for comparison purposes

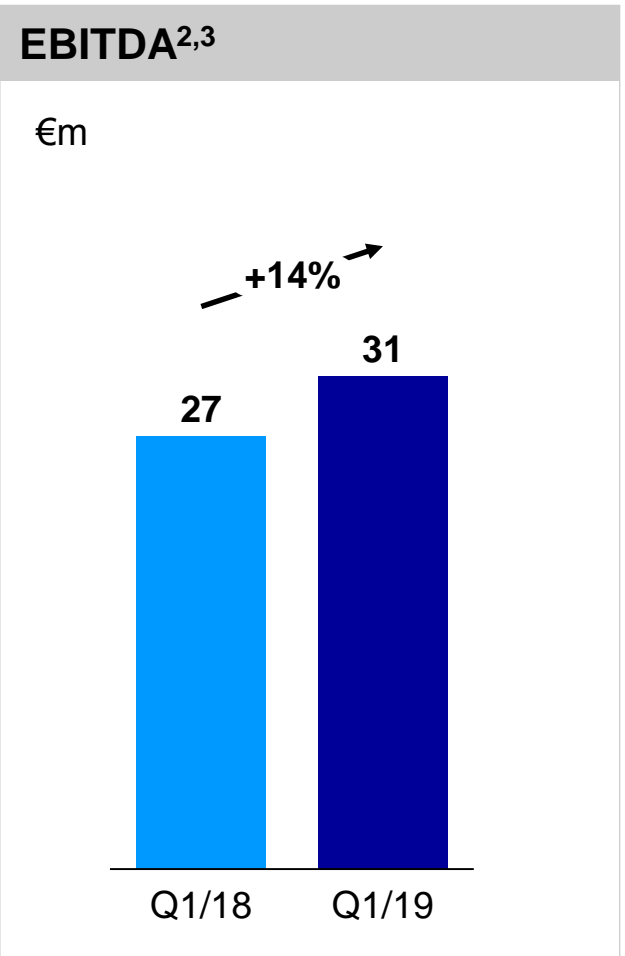
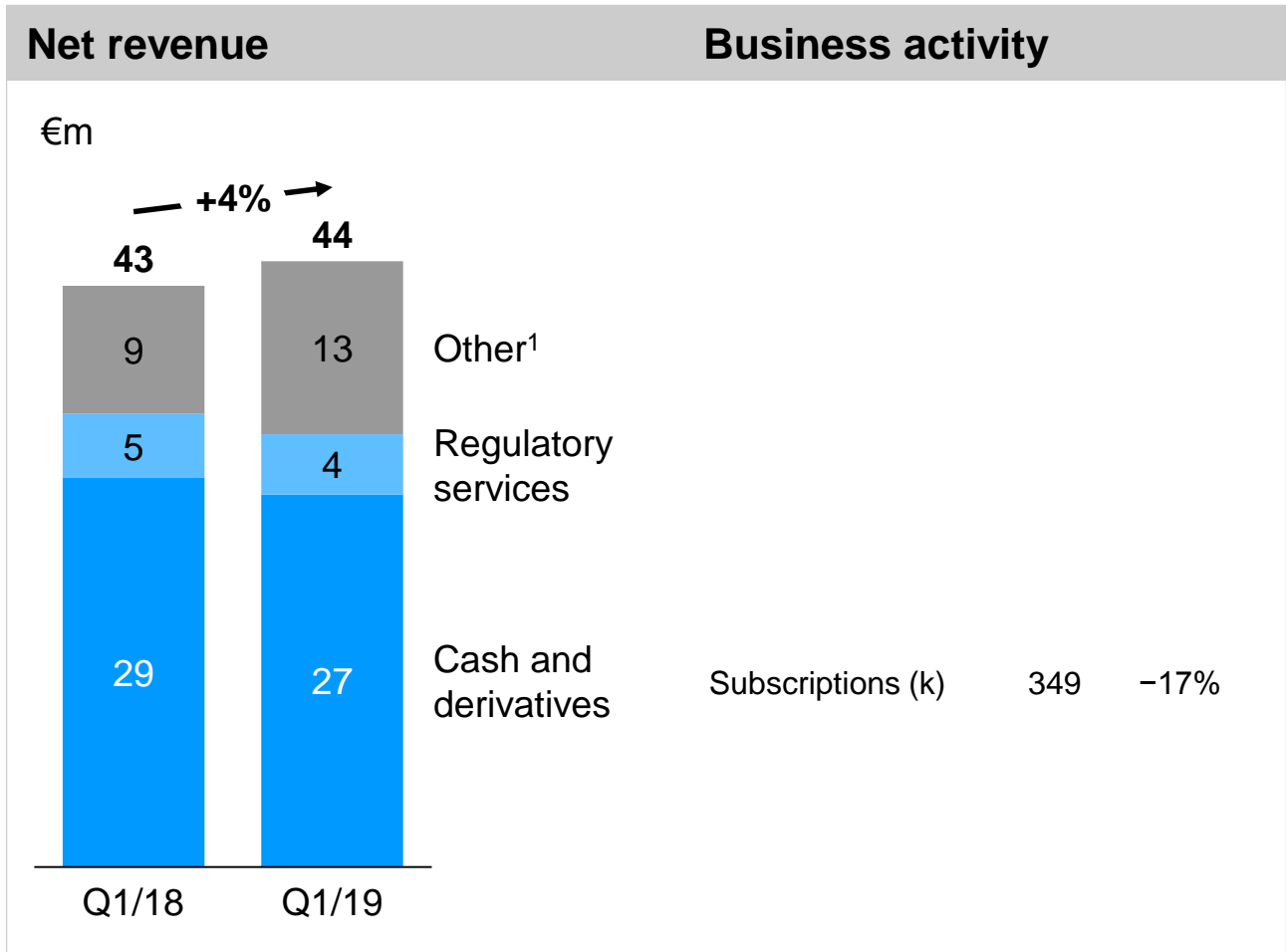
# Q1/2019 – STOXX (index business)



1) Adjusted for exceptional items

2) Q1/2018 non-GAAP indicative figures for comparison purposes

# Q1/2019 – Data



1) Including net revenue from internal and external cooperation and CEF data services  
 2) Adjusted for exceptional items  
 3) Q1/2018 non-GAAP indicative figures for comparison purposes

## Q1/2019 – solid net revenue growth despite strong Q1/18, operating costs slightly above previous year due to higher investments

### Net revenue growth drivers

- Total net revenue increased by 4% to €721 million.
- As part of this, secular net revenue increased by ~5%, in-line with the company's plan:
  - Major contributors: Eurex incl. OTC clearing (+€17m) and EEX (+€8m)
  - Further contribution from STOXX, 360T, IFS.
- Impact of weaker equity market environment for Eurex and Xetra (–€21m) was partly off-set by growth of the net interest income because of higher US interest rates (+€12m); on balance, cyclical net revenue decreased by ~1%.
- Consolidation effects in the IFS segment (Swisscanto, +€3m), 360T segment (GTX, +€3m) and EEX segment (Grexel, +€0.5m) resulted in additional net revenue growth of ~1%.

### Adjusted operating costs growth drivers

- Adjusted operating costs increased from €242 million in Q1/2018 (non-GAAP) to €249 million (+3%).
- Inflation (e.g. salaries) was compensated by lower provisions for variable compensation (+/–€0m).
- Increased investments in growth initiatives, new technology and regulations were largely off-set by cost savings from the structural performance improvement programme (+€4m).
- Consolidation effects in the IFS segment (Swisscanto), 360T segment (GTX) and EEX segment (Grexel) resulted in additional operating costs (+€3m).

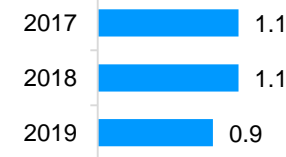
# Capital management – new Deutsche Börse credit rating indicators based on change of S&P methodology

## Credit rating metrics

- Deutsche Börse's clients generally expect conservative interest coverage and leverage ratios and, thereby, a good credit rating.
- As S&P has adjusted its rating methodology, new rating indicators will be used from 2019 onwards:
  - Net debt/EBITDA:  $\leq 1.75$
  - Free funds from operations (FFO)/net debt:  $\geq 50\%$
  - Interest coverage ratio:  $\geq 14$
- S&P bases the indicators on the weighted average of reported and expected results; Deutsche Börse reports the key indicators based on actual results.
- New rating indicators have no significant impact on the debt capacity of Deutsche Börse.

### Key rating indicators<sup>1</sup>

#### Net debt / EBITDA<sup>2</sup>



### Target

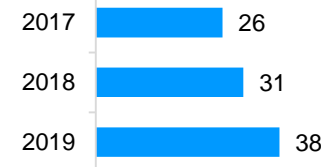
$\leq 1.75$

#### FFO / net debt<sup>2</sup>



$\geq 50\%$

#### Interest coverage ratio



$\geq 14$

1) 2019 based on annualized Q1 results (net debt €1,708.3m, EBITDA €1,800.3m, FFO €1,310.5m; 2018 and 2017 adjusted for IFRS 16 impact (non-GAAP, indicative))

# Appendix

## Income statement – group level adjusted

(in €m)	Quarter ended 31 March 2019	Quarter ended 31 March 2018
Sales revenue	747.0	733.2
Net interest income from banking business	62.0	40.9
Other operating income	3.2	5.0
<b>Total revenue</b>	<b>812.2</b>	<b>779.1</b>
Volume-related costs	-91.4	-87.5
<b>Net revenue</b>	<b>720.8</b>	<b>691.6</b>
Staff costs	-163.5	-162.7
Other operating expenses	-85.1	-91.8
<b>Operating costs</b>	<b>-248.6</b>	<b>-254.5</b>
Net income from strategic investments	3.3	1.0
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>475.5</b>	<b>438.1</b>
Depreciation, amortization and impairment losses	-52.9	-40.8
<b>Earnings before interest and tax (EBIT)</b>	<b>422.6</b>	<b>397.3</b>
Financial result	-16.9	-16.3
<b>Earnings before tax (EBT)</b>	<b>405.7</b>	<b>381.0</b>
Income tax expense and other tax	-105.4	-102.9
<b>Net profit for the period</b>	<b>300.3</b>	<b>278.1</b>
thereof attributable to Deutsche Börse shareholders	291.9	270.7
thereof attributable to non-controlling interests	8.4	7.4
<b>Earnings per share (basic) (€)</b>	<b>1.59</b>	<b>1.45</b>



## Income statement – group level reported

(in €m)	Quarter ended 31 March 2019	Quarter ended 31 March 2018
Sales revenue	747.0	733.2
Net interest income from banking business	62.0	40.9
Other operating income	3.2	5.0
<b>Total revenue</b>	<b>812.2</b>	<b>779.1</b>
Volume-related costs	-91.4	-87.5
<b>Net revenue</b>	<b>720.8</b>	<b>691.6</b>
Staff costs	-177.1	-174.1
Other operating expenses	-96.1	-100.9
<b>Operating costs</b>	<b>-273.2</b>	<b>-275.0</b>
Net income from strategic investments	3.3	1.0
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>450.9</b>	<b>417.6</b>
Depreciation, amortization and impairment losses	-53.1	-41.3
<b>Earnings before interest and tax (EBIT)</b>	<b>397.8</b>	<b>376.3</b>
Financial result	-16.9	-16.3
<b>Earnings before tax (EBT)</b>	<b>380.9</b>	<b>360.0</b>
Income tax expense and other tax	-97.3	-103.6
<b>Net profit for the period</b>	<b>283.6</b>	<b>256.4</b>
thereof attributable to Deutsche Börse shareholders	275.2	249.0
thereof attributable to non-controlling interests	8.4	7.4
<b>Earnings per share (basic) (€)</b>	<b>1.50</b>	<b>1.34</b>

## Income statement – segmental level I/II

(in €m)	<b>Eurex</b> (financial derivatives)		<b>EEX</b> (commodities)		<b>360T</b> (foreign exchange)		<b>Xetra</b> (cash equities)	
	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>
<b>Net revenue</b>	<b>237.6</b>	<b>237.0</b>	<b>73.6</b>	<b>61.8</b>	<b>21.4</b>	<b>17.6</b>	<b>58.6</b>	<b>61.7</b>
Staff costs	42.5	-45.0	-20.7	-18.1	-8.8	-8.3	-16.6	-16.8
Other operating expenses	27.3	-35.8	-18.0	-15.2	-4.1	-3.0	-6.9	-8.6
<b>Operating costs</b>	<b>69.8</b>	<b>-80.8</b>	<b>-38.7</b>	<b>-33.3</b>	<b>12.9</b>	<b>-11.3</b>	<b>-23.5</b>	<b>-25.4</b>
<i>Thereof exceptional items</i>	5.3	10.2	2.6	1.4	1.7	1.6	1.8	1.4
Result from equity investments	2.5	-0.3	-0.1	-	-	-	0.7	1.5
<i>Thereof exceptional items</i>	-	-	-	-	-	-	-	-
<b>EBITDA</b>	<b>170.3</b>	<b>155.9</b>	<b>34.8</b>	<b>28.5</b>	<b>8.5</b>	<b>6.3</b>	<b>35.8</b>	<b>37.8</b>

## Income statement – segmental level II/II

	<b>Clearstream</b> (post-trading)		<b>IFS</b> (investment fund services)		<b>GSF</b> (collateral management)		<b>STOXX</b> (index)		<b>Data</b>	
(in €m)	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>	<b>Q1/2019</b>	<b>Q1/2018</b>
<b>Net revenue</b>	<b>189.3</b>	<b>178.7</b>	<b>41.7</b>	<b>39.3</b>	<b>19.4</b>	<b>19.1</b>	<b>34.8</b>	<b>33.8</b>	<b>44.4</b>	<b>42.6</b>
Staff costs	-47.6	-47.3	-17.5	-15.1	-6.7	-6.6	-7.0	-6.5	-9.7	-10.4
Other operating expenses	-18.7	-17.2	-6.2	-5.7	-2.1	-2.7	-6.8	-6.2	-6.0	-6.5
<b>Operating costs</b>	<b>-66.3</b>	<b>-64.5</b>	<b>-23.7</b>	<b>-20.8</b>	<b>-8.8</b>	<b>-9.3</b>	<b>-13.8</b>	<b>-12.7</b>	<b>-15.7</b>	<b>-16.9</b>
<i>Thereof exceptional items</i>	4.1	2.1	3.0	0.3	0.9	0.2	-2.8	-2.1	2.4	1.2
Result from equity investments	-0.1	-	-	-	0.4	-	-	-	-0.1	-
<i>Thereof exceptional items</i>	-	-	-	-	-	-	-	-	-	-
<b>EBITDA</b>	<b>122.9</b>	<b>114.2</b>	<b>18.0</b>	<b>18.5</b>	<b>11.0</b>	<b>9.8</b>	<b>21.0</b>	<b>21.1</b>	<b>28.6</b>	<b>25.5</b>

## IFRS 16 adjustments for 2018 (non-GAAP, indicative)

	2018 Q1 €m	Q2 €m	Q3 €m	Q4 €m	Full year €m
<b>Group</b>					
Reduction of operating costs	12.5	12.6	12.5	12.7	50.3
Increase of depreciation and amortisation	11.8	11.8	11.8	11.8	47.2
Reduction of the financial result	0.7	0.7	0.8	0.7	2.9
<b>Reporting segments (reduction of operating costs)</b>					
Eurex (financial derivatives)	2.9	2.9	2.9	2.9	11.6
EEX (commodities)	0.8	0.8	0.8	0.9	3.3
360T (foreign exchange)	0.2	0.3	0.3	0.3	1.1
Xetra (cash equities)	1.1	1.1	1.0	1.0	4.2
Clearstream (post-trading)	4.8	4.8	4.8	4.9	19.3
IFS (investment fund services)	1.1	1.2	1.1	1.2	4.6
GSF (collateral management)	0.6	0.6	0.7	0.5	2.4
STOXX (index business)	0.5	0.4	0.4	0.4	1.7
Data	0.5	0.5	0.5	0.6	2.1

# Financial calendar and contact details

## Financial calendar

- 08 May 2019** Annual General Meeting
- 22 May 2019** Investor Day 2019 (London)
- 29 May 2019** UBS (New York)
- 05 June 2019** Sandler O'Neill (New York)
- 06 June 2019** Deutsche Bank (Berlin)
- 24 July 2019** Half-year results 2019 (~7pm CET)
- 25 July 2019** Conference call Q2/2018 (~2pm CET)

## Contact details

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